

MARGARET DONNELLAN TODD
COUNTY LIBRARIAN

September 4, 2003

The Honorable Board of Supervisors
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AMEND 2003-04 COUNTY BUDGET
REVISING PUBLIC LIBRARY APPROPRIATIONS
(ALL DISTRICTS) (4-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Instruct the Chief Administrative Officer and Auditor-Controller to amend the 2003-04 County Budget as follows:

1. Transfer \$1,572,000 from the General Fund Appropriation for Contingency to the Public Library's Operating Budget to restore the 2003-04 State curtailment.
2. Transfer \$498,000 from the General Fund Appropriation for Contingency to the Public Library's Operating Budget to augment the library books and materials account.
3. Transfer \$1,000,000 from the General Fund Appropriation for Contingency to the Public Library's Operating Budget for facility repairs and improvements.
4. Transfer \$1,000,000 from the General Fund Appropriation for Contingency to the Public Library's Accumulated Capital Outlay Account for replacement of the Public Library's Integrated Library System (ILS).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Public Library is requesting Board approval of changes to the Department's 2003-04 operating budget in the total amount of \$4,070,000 to use additional fund balance that was not previously anticipated in the budget. The additional fund balance is comprised of unanticipated property taxes and other Departmental revenue, forced savings in anticipation of State funding reductions, and other Departmental savings. The Public Library is requesting Board approval to re-appropriate these funds in the Department's 2003-04 budget for various library programs.

The requested changes consist of the following:

1. \$1,572,000 to restore State curtailment in the 2003-04 Fiscal Year for library books and materials.
2. \$498,000 to augment the budget for books and library materials. This account is severely under-budgeted due to the Department's limited revenue growth and cumulative State reductions to the Public Library Fund (PLF), which is used to purchase books and materials. State PLF funding in prior years has been as high as \$5.8 million but is now only \$1.6 million. A library of our size should provide an annual book budget of at least \$12 million.
3. \$1,000,000 for facility repairs and improvements. This need arose based on forced savings implemented during 2002-03 to address additional 2002-03 State funding curtailments proposed by the Governor that were ultimately not approved by the Legislature. In addition, the Governor also proposed elimination of the entire PLF funding for 2003-04. The Department is requesting that the funding be used for facility repairs and improvements, as originally intended in the 2002-03 budget. The Department has unfunded facility maintenance requirements that include \$700,000 for air-conditioning repairs recommended by the Internal Services Department in 2003-04 after the budget was adopted, \$200,000 for parking lot resurfacing, and \$100,000 for restroom repairs.
4. \$1,000,000 towards the replacement of the Department's ILS. This is the Department's core library business system, which is obsolete and provides limited ability to meet the Department's current needs. In addition, the Department has strong concerns over the length of time that the software vendor will continue to support this outdated system, and feels that the system must be replaced within the next four years. This mission critical system provides for the circulation of library materials to the public, contains the database for the Library's 2.2 million registered library users, provides the Library's catalog of 9.8 million items, provides for fund accounting and procurement of library materials, and the collection of fines and fees. The new system will be Web-enabled and provide customers with enhanced access to reference databases and the Internet. To date, the Department has managed to reserve only \$285,000 in its Accumulated Capital Outlay account toward the estimated \$6.1 million needed to replace this system. The Chief Information Office concurs that the system should be replaced.

Implementation of Strategic Plan Goals

Board approval of the proposed expenditures will allow the Department to better serve the public without increasing ongoing costs, and the recommended budget changes are consistent with the County's Strategic Plan Goals in the areas of service excellence, organizational effectiveness, and fiscal responsibility.

FISCAL IMPACT/FINANCING

The 2003-04 County budget adopted by the Board on June 23, 2003 assumed a fund balance of \$3,214,000. The actual fund balance at book closing was \$7,284,000, resulting in an additional fund balance of \$4,070,000. Based on the Board's motion that was approved on April 22, 2003, the \$4,070,000 in extra fund balance is proposed by the CAO to be placed in the General Fund Appropriation for Contingency Account. If approved by the Board, the Public Library's request will move those funds back to the Department's operating budget.

The attachment summarizes the sources of the additional fund balance and the proposed uses of the funds. The sources of the additional fund balance include:

- . Forced savings of \$1.6 million, in anticipation of State reductions or elimination of PLF revenue.
- . Additional Departmental revenues of \$1.3 million that were not previously anticipated, including: property taxes of \$700,000; library fines and fees of \$300,000; donations of \$200,000; and other revenues of \$100,000.
- . Other savings of \$1.2 million, including: utility savings of \$700,000; purchases begun but not completed by June 30, 2003 of \$100,000; cancellations of prior year commitments of \$100,000; and other miscellaneous savings of \$300,000. These savings were not anticipated at the time the budget was adopted and were not identified until the books were closed for Fiscal Year 2002-03.

The proposed appropriation changes use one-time funds and does not establish new service requirements.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

State law authorizes the Board of Supervisors to transfer available funds from the Appropriation for Contingency Account to the operating budget with four votes of the Board members. In prior years, the Board has routinely approved the transfer of funds from this account within the Public Library's Operating Fund. Beginning this year, however, the additional available funds are retained in the General Fund instead of the Public Library's Operating Fund based on policy established in the Board's April 22, 2003 motion.

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IMPACT ON CURRENT SERVICES

The proposed expenditures will allow the Public Library to continue existing services. If the changes are not approved, the Department would be required to reduce the service level for books and materials, and facility repairs and improvements. In addition, the Department will not be able to set aside needed funds for the long term replacement of its primary computer system.

Respectfully submitted,

Margaret Donnellan Todd
County Librarian

MDT:DF:MH:jm

Attachment

C: Chief Administrative Officer
Auditor-Controller
Chief Information Officer